
**Intergovernmental Working Group of Experts on
International
Standards of Accounting and Reporting
(ISAR)**

35th SESSION

24 - 26 October 2018

Room XVII, Palais des Nations, Geneva

Thursday, 25 October 2018

Afternoon Session

Agenda item 4.

**Issues of practical implementation of international standards
of accounting and reporting in the public and private sectors**

Presented by

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European Financial Reporting Advisory Group

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IFRS IMPLEMENTATION – EFRAG’S ROLE

35TH SESSION OF UNCTAD-ISAR

25 OCTOBER 2018

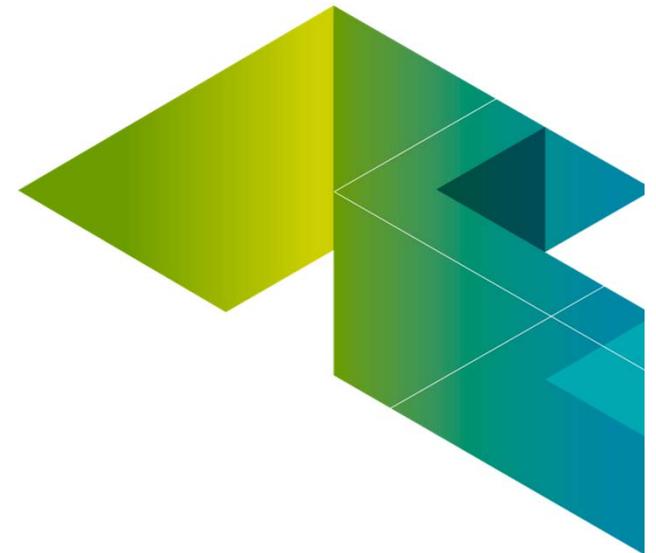


European Financial Reporting Advisory Group

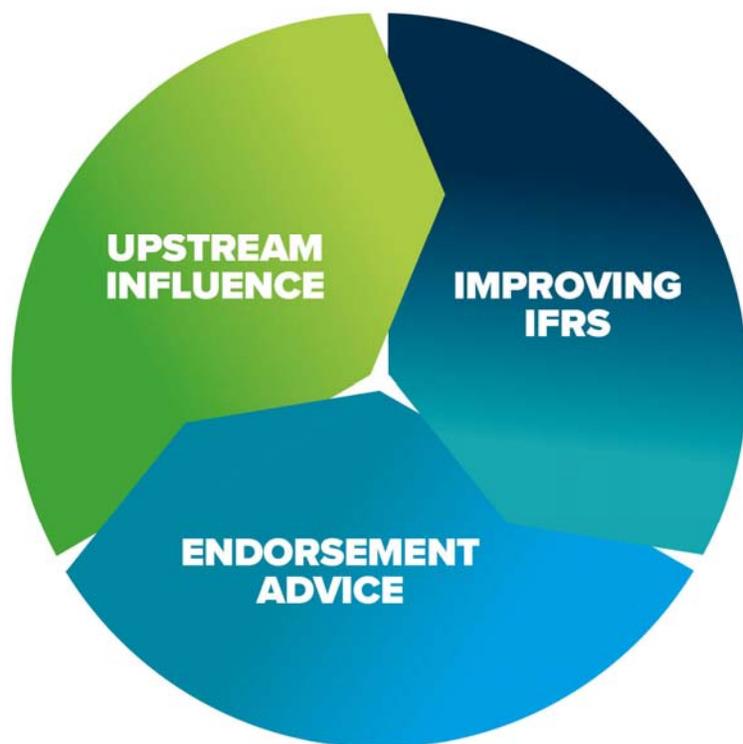


AGENDA

- EFRAG's core activities
- EFRAG's input to IFRS
- IFRS 'state of play'
- Role of impact assessment
- Role of others



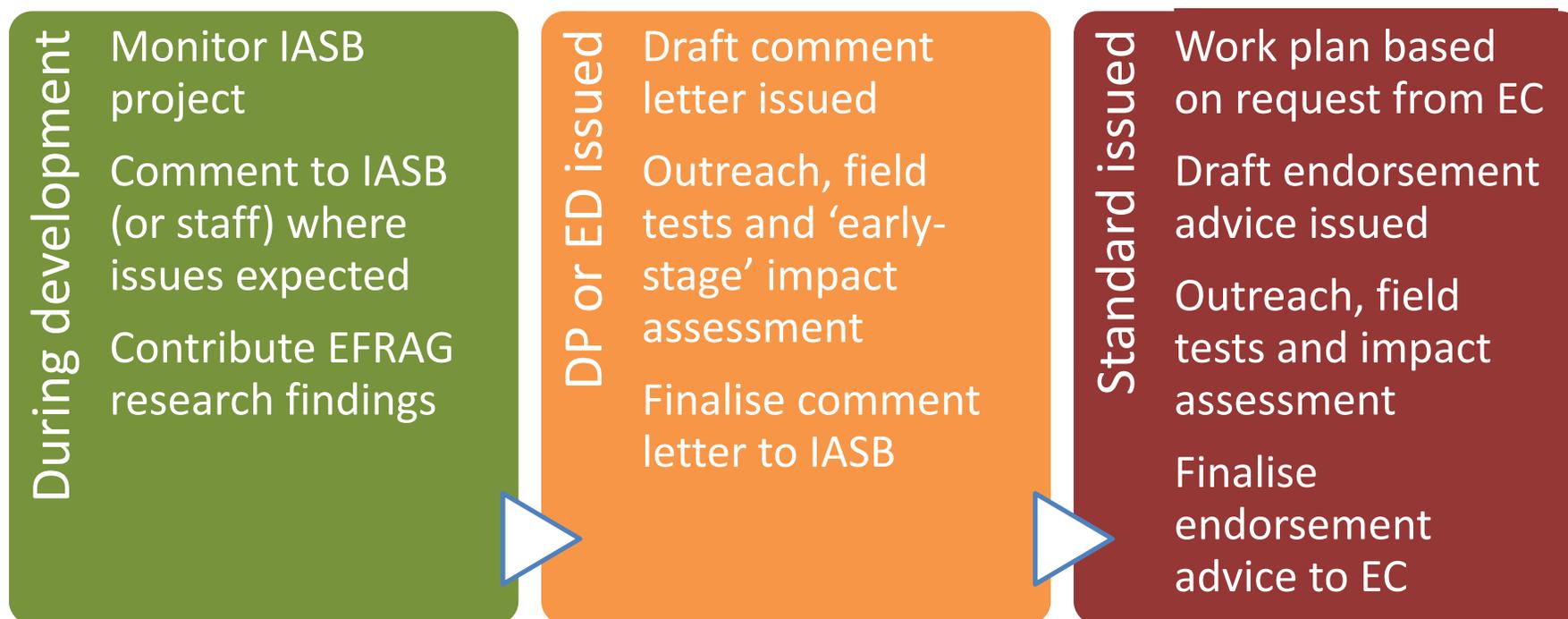
EFRAG'S ACTIVITIES



- EFRAG's core activities
 - Influencing IFRS (from the start of each project)
 - Endorsement advice
 - Research activities



EFRAG'S INPUT TO IFRS



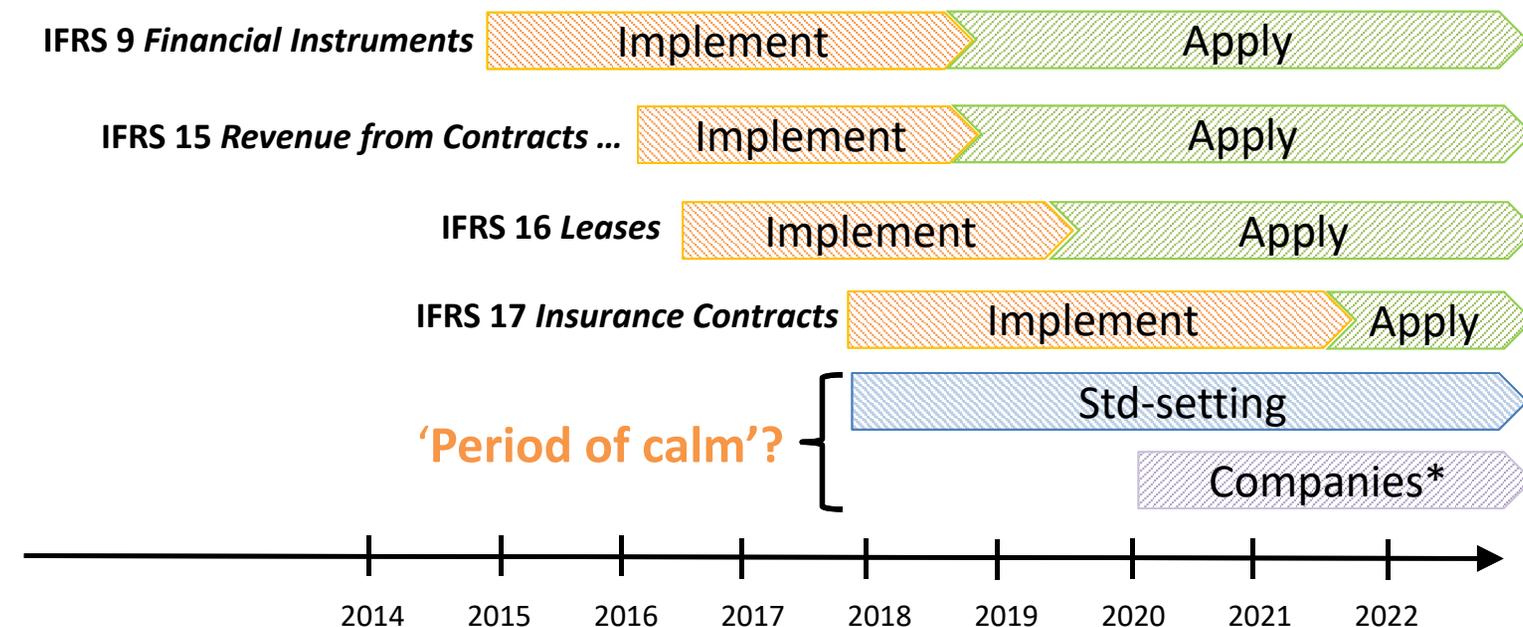
IFRS 'STATE OF PLAY' (1)

IFRS FOUNDATION PROFILED 166 JURISDICTIONS (98% OF GLOBAL GDP)

- **144** require use of IFRS Standards for all or most public companies
- **13** additional jurisdictions permit IFRS Standards for all or most domestic companies
- IFRS Foundation estimates over **50% of domestic listed companies on 93 securities exchanges** in the world use IFRS Standards
- **>90%** of those that do not use IFRS are in Japan, China, India and the US

IFRS 'STATE OF PLAY' (2)

MAJOR NEW IFRS STANDARDS AND THE 'PERIOD OF CALM'

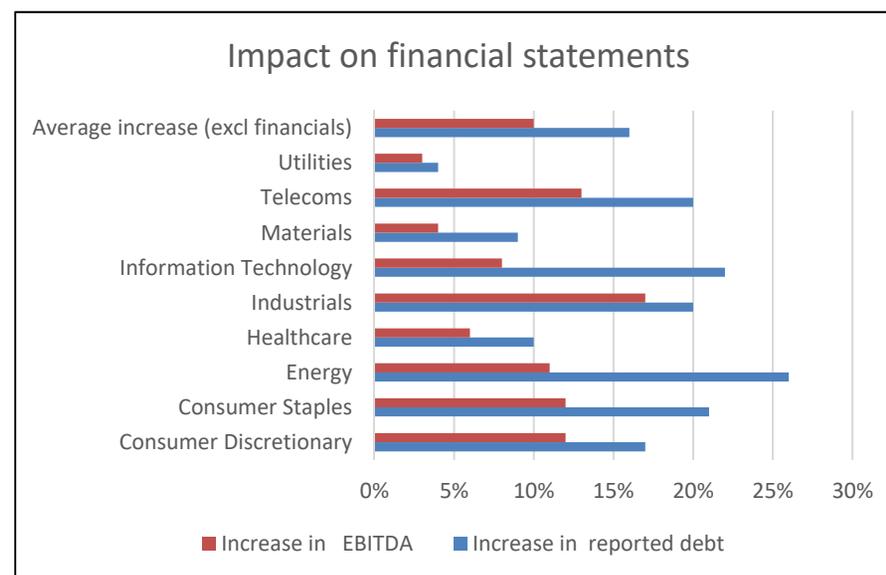
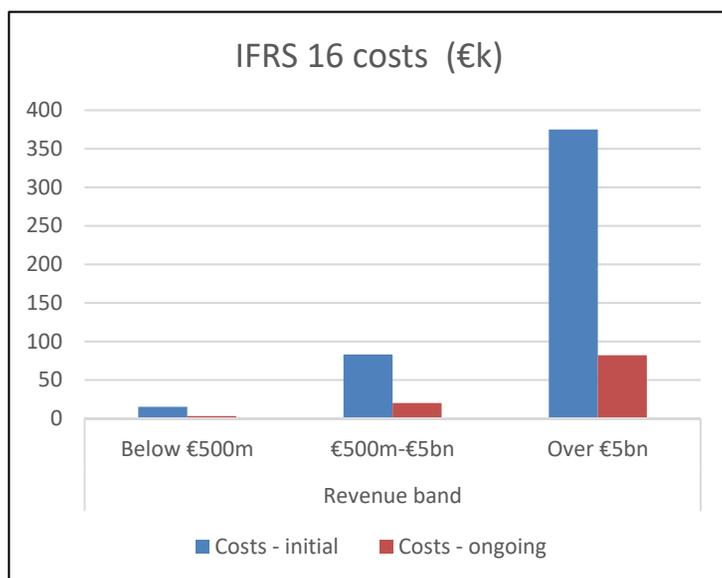


* other than insurers

HOW DOES IMPACT ASSESSMENT SUPPORT IMPLEMENTATION?

IFRS 16 'LEASES' AS A CASE STUDY

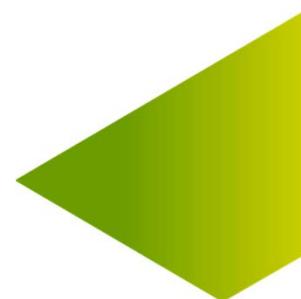
- Impact assessment provides insights into:
 - Implementation costs
 - Effect on the financial statements



HOW DOES IMPACT ASSESSMENT SUPPORT IMPLEMENTATION?

IFRS 16 'LEASES' AS A CASE STUDY

- Impact assessment provides insights areas of **technical complexity** and/or high levels of **judgement**
- Based on EFRAG's assessment these include:
 - Applying the definition of a lease
 - Determination of lease term
 - Determining the incremental borrowing rate (smaller entities)



HOW DOES IMPACT ASSESSMENT SUPPORT IMPLEMENTATION?

IFRS 16 'LEASES' AS A CASE STUDY

- Impact assessment provides insights into **potential wider effects**, e.g.
 - **25%** of lessees expect to have to renegotiate borrowing covenants (with most expecting this to be a straightforward exercise)
 - **50%** of analysts expect to continue to make adjustments to the IFRS 16-based numbers
 - Modest decline (up to **3%**) in demand for leases projected along with limited renegotiation of lease terms

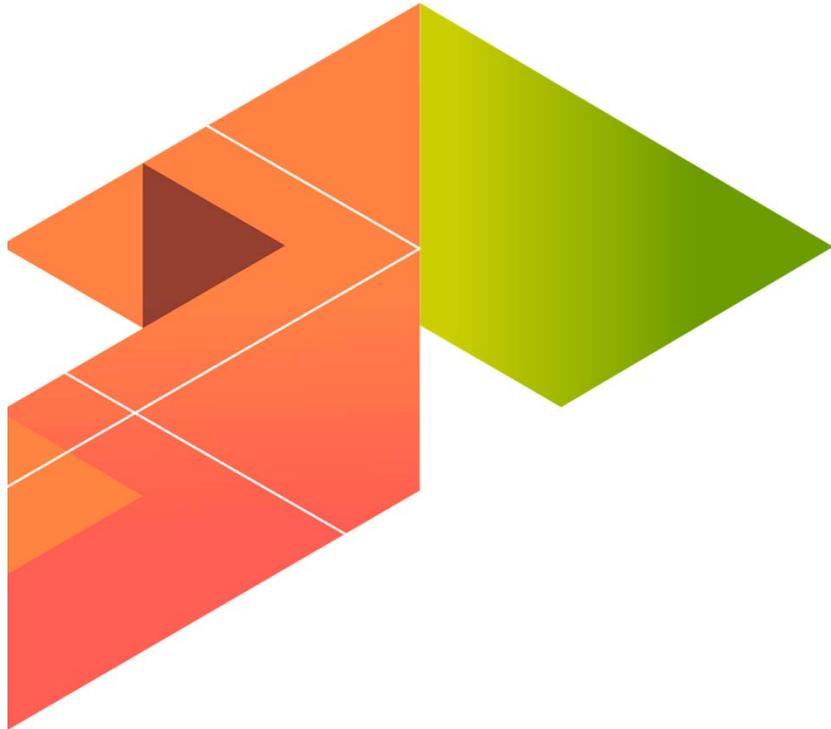


ROLE OF OTHERS





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